

Message Text

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C O N F I D E N T I A L SECTION 1 OF 3 KHARTOUM 1828

E.O. 11652: GDS
TAGS: EAID, ECON, SU, PEPR
SUBJECT: A MODEST PROPOSAL

1. IT IS NOW ALMOST EXACTLY TWO YEARS SINCE THE FORD ADMINIS-
TRATION TOOK THE DECISION (A DECISION TWICE REAFFIRMED AND
REINFORCED BY THE PRESENT ADMINISTRATION) TO SEEK TO EXPAND OUR
RELATIONS WITH THE SUDAN. PRESIDENT NIMEIRI'S UNOFFICIAL VISIT
TO THE UNITED STATES TOOK PLACE IN THIS CONTEXT. HE STRUCK US
POLICY MAKERS AS A DECENT FELLOW, STRIVING TO IMPROVE THE LOT OF
HIS PEOPLE, INTELLIGENT ENOUGH TO LEARN FROM HIS OWN BITTER
EXPERIENCE OF THE PERFDY OF THE SOVIETS, AND A LEADER IN THE
PROCESS OF RIPENING INTO COMMON SENSE AND MODERATION. THE
POLITICAL ASSUMPTION WAS THAT STRENGTHENING OUR RELATIONS WITH
THE SUDAN WOULD ENCOURAGE NIMEIRI'S TREND TOWARD CONSTRUCTIVENESS
AND STRENGTHEN THE SUDAN AS A STABILIZING FORCE IN THE AREA.

2. OUR MILITARY ASSUMPTION WAS THAT IT WAS TO OUR INTEREST
TO CONTRIBUTE TO THE EFFORTS OF THE SUDANESE ARMED FORCES TO
REPLACE THE INCREASINGLY USELESS MILITARY JUNK THE SOVIETS HAD
LEFT BEHIND FOR THEM. THE SUDANESE PERCEPTION OF THEIR EQUIPMENT
NEEDS WAS MODEST AND REALISTIC, AND THE SAUDIS HAD ASSURED US
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THAT THEIR POCKETBOOK WAS OPEN FOR THIS PURPOSE.

3. WE ENVISAGED A RELATIVELY MODEST ECONOMIC ASSISTANCE
EFFORT. ALL OF US WERE BEMUSED BY THE CONSISTENT REPORTS OF
SUDAN'S GREAT AGRICULTURAL POTENTIAL AND THE SHOWERS OF SAUDI
RIYALS, KUWAITI DINARS, AND UAE DIRHAMS WHICH WERE POURING DOWN

TO BRING THAT POTENTIAL TO EARLY REALITY. MOREOVER, WITH MIDDLE EAST AID PROGRAMS AGAIN GULPING DOWN SIZEABLE U.S. RESOURCES, WE WERE NOT ANXIOUS TO TAKE ON ANOTHER MAJOR AID CUSTOMER. FINALLY, THE CONGRESSIONAL MANDATE TO AID HAD ONLY RECENTLY DESCENDED FROM SINAI AND IT WAS TOO EARLY TO CONTEMPLATE A DANCE AROUND THE GOLDEN CALF. SO OUR BILATERAL AID PROGRAM WAS CONCEIVED IN TERMS OF A RELATIVELY SMALL OPERATION AIMED AT THE POOREST OF THE POOR. A FLAG-SHOWING EXERCISE, REALLY. THE PRIMARY AMERICAN IMPACT ON SUDAN'S DEVELOPMENT WAS TO COME FROM THE MARRIAGE OF ARAB OIL MONEY TO THE KNOWHOW AND HARDWARE OF THE U.S. PRIVATE SECTOR.

4. LET US, IN THE LIGHT OF THE PAST TWO YEARS, RE-EXAMINE OUR EXPANSION DECISION. OUR POLITICAL ASSUMPTIONS HAVE BEEN FAIRLY WELL BORNE OUT. SUDAN HAS BEEN AN INCREASINGLY GOOD CITIZEN IN THE MIDDLE EAST AND IN THE HORN. NIMEIRI WAS THE FIRST AND REMAINS THE MOST VOCAL SUPPORTER OF THE SADAT INITIATIVE. SUDAN ACTIVELY SEEKS TO NEGOTIATE ITS DIFFERENCES WITH ITS OTHER NEIGHBORS, TWO OF WHOM--LIBYA AND ETHIOPIA-- ARE HIGHLY DANGEROUS. NIMEIRI'S SUCCESSFUL EFFORTS TO CONCILIATE AND REPATRIATE FORMER SUDANESE ENEMIES-PEOPLE WHO WERE HELLBENT TO DESTROY HIM AND WHO CAME WITHIN AN ACE OF DOING SO- RECORDS A CHAPTER IN THE PROGRESS OF HUMAN RIGHTS UNPARALLELED IN AFRICA OR THE ARAB WORLD.

5. OUR MILITARY PROGRAM IS GOING FORWARD SMOOTHLY. THE
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SUDANESE CONTINUE TO RESTRAIN THEIR MILITARY ASPIRATIONS AND TO BELIEVE THAT THEIR ULTIMATE DEFENSE MUST LIE IN DIPLOMACY OR IN A FORM OF COLLECTIVE SECURITY. THIS DESPITE THE FACT THAT THE THREAT TO THEM HAS INCREASED IMMEASURABLY OVER THE PAST MONTHS.

6. WHEN THE U.S. MILITARY SURVEY TEAM WAS HERE IN AUGUST 1977, IT WAS SOMETIMES DIFFICULT TO KEEP A STRAIGHT FACE WHEN SUDANESE LEADERS DRAMATICALLY EXPOUNDED ON THE THREAT TO THEM FROM ETHIOPIA. BUT THE GRAVITY OF THE PRESENT SITUATION IN THE HORN HAS LONG SINCE MADE IT IMPOSSIBLE TO SNICKER AT THE SUDANESE ON THIS POINT. THE SOVIETS/CUBANS NOW DOMINATE THEIR THIRD LARGE SATRAPY IN AFRICA. THEY ARE CERTAINLY CONSIDERING LARGE-SCALE MILITARY OPERATIONS IN ERITREA WHICH CANNOT HELP BUT AFFECT THE SUDAN. MOREOVER, DESPITE THE VALIANT EFFORTS OF OURSELVES AND THE BRITISH TO ACHIEVE A PEACEFUL SETTLEMENT IN ZIMBABWE, A LENGTHY, SOVIET/CUBAN FUELED CIVIL WAR IN SOUTHERN AFRICA IS A REALISTIC PROSPECT.

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C O N F I D E N T I A L SECTION 2 OF 3 KHARTOUM 1828

7. IN SUCH A SITUATION THE VALUE TO US OF A STABLE, RELATIVELY SECURE SUDAN BECOMES MUCH GREATER. IN THE SUMMER OF 1958 WHEN IT LOOKED AS THOUGH THE TIDE OF NASSERISM/SOVIET EXPANSIONISM MIGHT ENGULF THE ARAB WORLD, SECRETARY DULLES FELT THE BEST THING WE COULD DO WAS TO SHORE UP THE LEVEES OF OUR ARAB FRIENDS. THIS PHILOSOPHY MAY WELL NOW APPLY TO SUDAN AND CERTAIN OTHER AFRICAN COUNTRIES.

8. THERE IS NO QUESTION THAT THE GREATEST THREAT TODAY TO STABILITY AND MODERATION IS ECONOMIC. OUR REPORTING OVER THE PAST WEEKS, TAKEN TOGETHER, PAINTS A PICTURE OF A COUNTRY WHOSE ECONOMY IS RUNNING DOWN. AS I THINK BACK, THIS IS A PROCESS WHICH HAS BEEN GOING ON SINCE I ARRIVED HERE LAST JULY. THERE HAVE BEEN OCCASIONAL BRIEF REMISSIONS BUT THE GENERAL TREND HAS BEEN DOWN. WHAT HAS PERHAPS OBSCURED THE DOWNWARD TREND HAS BEEN THE UNPARALLELED PATIENCE OF THE SUDANESE PEOPLE. THEY HAVE BORNE CHRONIC SHORTAGES AND SPORADIC DISAPPEARANCES OF THE VERY NECESSITIES OF LIFE WITH A REMARKABLE STOICISM. WERE THE SUDANESE EGYPTIANS, THEY WOULD HAVE TAKEN TO THE STREETS LONG SINCE. BUT EVEN THE SUDANESE ARE LOSING PATIENCE. THERE IS GOOD REASON TO PREDICT THAT LABOR STRIFE WILL CONTINUE AND INCREASE.

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9. AS WE HAVE REPORTED ELSEWHERE, NO BANK IN THE WORLD WILL ANY LONGER ACCEPT LETTERS OF CREDIT ISSUED BY SUDANESE BANKS.

A NORWEGIAN CONSORTIUM WHICH HAS BEEN MAKING A VALUABLE CONTRIBUTION TO THE DEVELOPMENT PROGRAM AND WHICH HAS GONE UNPAID SINCE NOVEMBER IS SENDING PEOPLE HOME. WE HEAR THAT OTHER CONSULTANTS AND CONTRACTORS, EVEN THOSE CONNECTED WITH EXTERNALLY FINANCED PROJECTS, ARE CONTEMPLATING THE SAME STEP.

THE GOVERNMENT IS JUST AS BROKE IN LOCAL CURRENCY AS IT IS IN FOREIGN EXCHANGE--GOVERNMENT WORKERS IN OUTLYING PROVINCES GO UNPAID FOR TWO AND THREE MONTH PERIODS. THE MOST AWESOME SPECTRE HOWEVER IS THE PROSPECT THAT SUDAN WILL LOSE ITS CAPABILITY TO IMPORT PETROLEUM, WITH CONSEQUENCES THAT WOULD GIVE REALITY TO THE MOST GRUESOME IMAGININGS.

10. THE IRONY OF ALL THIS IS THAT IT IS THE DIRECT RESULT OF THE AMBITIOUS DEVELOPMENT PROGRAM. HAD THE PROGRAM NOT BEEN LAUNCHED, SUDAN WOULD PROBABLY BE CHUGGING ALONG THE WAY IT USED TO, LIVING AS BEST IT COULD ON ITS EARNINGS FROM FOREIGN SALES OF AGRICULTURAL PRODUCTS.

11. BUT FOREIGN AID, RESTRICTED TO PROJECT ASSISTANCE, HAS ITS NEFARIOUS EFFORTS ON A FRAGILE ECONOMY SUCH AS THE SUDAN'S. IN BRIEF IT HAS MEANT THAT LARGE AMOUNTS OF METAL AND PEOPLE ARE DUMPED ON THE COUNTRY OVER A RELATIVELY SHORT PERIOD. DURING THE AGONIZINGLY LENGTHY INTERVAL IT TAKES BEFORE THE METAL AND PEOPLE ADD TO THE RESOURCES OF THE COUNTRY, THE SUDANESE MUST FIND, FROM THEIR OWN SLENDER RESOURCES, THE MEANS OF MOVING AND PUTTING TOGETHER THE METAL AND ACCOMMODATING THE PEOPLE. IT IS JUST TOO MUCH TO BEAR.

12. I BELIEVE THERE IS GENERAL RECOGNITION THAT THE SUDAN
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NEEDS BALANCE OF PAYMENTS ASSISTANCE. I WOULD HOPE THAT THERE IS EQUAL RECOGNITION THAT THIS NEED IS A FINITE ONE, FINITE IN MAGNITUDE AND IN TIME.

13. THE SUDANESE HAVE BEEN IN DISCUSSION WITH THE IMF FOR LO, THESE MANY MONTHS. THE IMF INSISTS ON APPLYING ITS CLASSIC PRESCRIPTION (APPARENTLY, THE ONLY ONE ON ITS SHELF)--DEVALUATION AND RETRENCHMENT.

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14. THE SUDANESE CONTINUE TO RESIST DEVALUATION FOR CLASSIC REASONS I HAVE HEARD IN ALL THE DEVELOPING COUNTRIES IN WHICH I HAVE SERVED-- RESONS WHICH ARE LESS THAN CONVINCING. THE FACT IS THAT WITH A FLOURISHING BLACK MARKET ON THE NIL-VALUE IMPORT LICENSING SYSTEM, THE SCHEDULE OF MULTIPLE QUOTE OFFICIAL UNQUOTE RATES FOR THE SUDANESE POUND IS A TRAVESTY.

15. WHEN IT COMES TO RETRENCHMENT, HOWEVER, PARTICULARLY AS IT APPLIES TO INTERNAL GOVERNMENT SPENDING, I HAVE CONSIDERABLE SYMPATHY FOR THE SUDANESE. THE SOUTH WILL NEED MASSIVE BUDGETARY SUPPORT FROM THE NORTH FOR AN EXTENDED PERIOD IF THE SPECTRE OF RENEWED CIVIL WAR IS TO BE AVOIDED. THERE IS LITTLE, IF ANY, FAT THAT CAN BE TAKEN FROM PUBLIC EXPENDITURE IN OTHER PROVINCES. IN KADUGLI, FOR EXAMPLE, EVERY FOUR SECONDARY SCHOOL GIRLS HAVE TO SHARE ONE DOG-EARRED LITTLE PAMPHLET OF AN ENGLISH-LANGUAGE TEXT BECAUSE THE BILL TO LONGMANS IN LONDON HAS NOT BEEN PAID. THERE ARE NOWHERE NEAR ENOUGH DRUGS TO TREAT ENDEMIC DISEASE SUCH AS MALARIA AND INFANT DIARRHEA.

16. BUT EVEN ASSUMING THAT A SUDAN-IMF AGREEMENT CAN BE REACHED, WHAT WILL ACCRUE TO THE SUDAN UNDER SUCH AN AGREEMENT WILL MAKE ONLY THE TINIEST DENT IN THE PROBLEM. RECENT
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INTELLIGENCES FROM THE ARABIAN PENINSULA INDICATE THAT ADEQUATE SUPPLEMENTARY BOP ASSISTANCE FROM WEALTHY ARAB STATES WILL NOT BE FORTHCOMING, AT LEAST IN PRESENT CIRCUMSTANCES.

17. IT WOULD SEEM TO FOLLOW THEREFORE, IF THE STATEMENTS IN THE FIRST SEVEN PARAGRAPHS OF THIS MESSAGE HAVE ANY VALIDITY, THAT IT IS TO THE INTEREST OF THE UNITED STATES THAT QUOTE PRESENT CIRCUMSTANCES UNQUOTE BE CHANGED. IN SHORT, THE UNITED STATES MUST TAKE THE LEAD IN ORGANIZING A RATIONAL PROGRAM OF

BOP ASSISTANCE TO THE SUDAN.

18. WE CANNOT HOPE TO ORGANIZE THE EFFORT UNLESS WE ARE AT LEAST PREPARED TO ACCEPT SOME RESPONSIBILITY. AS THINGS ARE NOW, I CAN FULLY UNDERSTAND OUR INHIBITIONS AGAINST NATTERING AT THE SAUDIS AND OTHERS TO BE MORE GENEROUS TO THE SUDAN. WE DEPEND ON THE OIL-PRODUCERS FOR OUR OWN LIFE BLOOD IN TERMS OF ACCESS AND REASONABLE PRICE. BUT IF WE WERE PREPARED TO ACCEPT A PART- SAY 10 PERCENT- OF THE BURDEN WE COULD THEN TALK IN TERMS OF MUTUAL INTEREST AND COMBINED EFFORT. PARTICIPANTS IN SUCH AN EFFORT COULD INCLUDE WESTERN EUROPEAN COUNTRIES AND JAPAN AS WELL AS THE ARAB OIL PRODUCERS. AS WE RECENTLY REPORTED, THE FRG HAS ALREADY RECOGNIZED THE COMPELLING NATURE OF SUDAN'S CIRCUMSTANCES AND MODIFIED ITS ASSISTANCE PROGRAM.

19. WE HAVE BEEN SEARCHING FOR MEANS WHEREBY PRESENT U.S. AID PROGRAMS COULD BE MORE RESPONSIVE TO SUDAN'S BOP PROBLEM. WE WILL BE FORWARDING SOME IMAGINATIVE (AND, WE HOPE, PRACTICAL) SUGGESTIONS FOR THE EXPANDED USE OF PL 480. WE ARE EXPLORING OTHER POSSIBLE AVAILABLE MEANS- A SECTOR GRANT/LOAN OR A COMMODITY IMPORT PROGRAM.

20. WE HOPE WE ARE WRONG, BUT IT SEEMS ALMOST INEVITABLE THAT THE ADMINISTRATION MAY HAVE TO DECIDE TO GO TO CONGRESS TO ASK
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FOR SUPPORTING ASSISTANCE FOR THE SUDAN. POLITICAL AND MILITARY DEVELOPMENTS IN THE HORN AND SOUTHERN AFRICA SHOULD FACILITATE SUCH A REQUEST.

21. THE PROBLEM OF TIMING TROUBLES US. IF IT IS DECIDED THAT WE GO TO CONGRESS, AND IF WE ARE SUCCESSFUL IN OBTAINING AN APPROPRIATION (TWO GALLOPING ASSUMPTIONS) IT WOULD PROBABLY BE MID-1979 BEFORE FUNDS ARE AVAILABLE. WE THINK THERE IS A POSSIBLE SHORTCUT, HOWEVER. IF WE WERE IN A POSITION TO ASSURE THE SUDANESE AND THE WEALTHY ARABS IN THE WEEKS AHEAD, THAT IT WAS THE ADMINISTRATION'S FIRM INTENTION TO ASK CONGRESS FOR FUNDS IN JANUARY 1979, WE MIGHT GET THE BOP ASSISTANCE EFFORT LAUNCHED SOON.

22. I FEEL RATHER SHAMEFACED ABOUT MAKING SUCH SWEEPING SUGGESTIONS, BOTH BECAUSE OF MY OWN LACK OF EXPERTISE AND THE RELUCTANCE OF THE SUDANESE (LIKE SOME OF MY PRESBYTERIAN INLAWS) TO DISCUSS MONEY MATTERS WITH STRANGERS, NO MATTER HOW FRIENDLY.

23. AS A FIRST STEP, THEREFORE, I RECOMMEND THAT WE CONSIDER SENDING A STATE-TREASURY-AID FACT-FINDING MISSION TO KHARTOUM FOR A THOROUGH EXAMINATION OF THE PROBLEM AND CONSIDERATION OF THE MEANS WHEREBY WE AND OTHER FRIENDLY COUNTRIES MIGHT HELP.

TEN MONTHS AGO, THE SUDANESE MIGHT WELL HAVE BEEN RELUCTANT
TO ACCEPT SUCH A MISSION. NOW I THINK THEY WILL GRASP AT IT.
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